

# Auditing Procedures Report

Instructions and MuniCodes

\*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.05)

Unit Name* LYONS TOWNSHIP	County* IONIA	Type* OTHER	MuniCode* 34-1-080
Opinion Date-Use Calendar* Jun 27, 2008	Audit Submitted-Use Calendar* Aug 25, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	
<input type="checkbox"/> ?	18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report? yes

General Fund Revenue:	<input type="checkbox"/> \$ 293,769.00
General Fund Expenditure:	<input type="checkbox"/> \$ 289,981.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> \$ 300,900.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* LAWRENCE	Last Name* TIEJEMA	Ten Digit License Number* 1101026843		
CPA Street Address* 31 E MAIN ST PO BOX 10	City* SARANAC	State* MI	Zip Code* 48881	Telephone* +1 (616) 642-0384
CPA Firm Name* LAWRENCE TIEJEMA, PC	Unit's Street Address* 31 E MAIN ST PO BOX 10	Unit's City* SARANAC	Unit's Zip* 48881	

# LYONS TOWNSHIP

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**INDEPENDENT AUDITOR'S REPORT**

June 27, 2008

The Township Board  
Lyons Township  
Ionia County, Michigan

I have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of Lyons Township, Ionia County, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of Lyons Township, as of March 31, 2008, and the respective changes in financial position, and the budgetary comparison for all major funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated June 27, 2008, on my consideration of Lyons Township's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis on pages 3 to 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lyons Township's basic financial statements. The governmental schedules have been subjected to auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

*Lawrence Tiejema*

Lawrence Tiejema, PC.

June 27, 2008

## **Management Discussion and Analysis**

Lyons Township completed the reassessment of all parcels in 2007-08 and made some needed improvements to the township hall. A total of \$23,359 of the fund reserves were needed to accomplish this.

### **Financial Highlights**

- (1) The Township paid CSZ Assessing \$34,550 during the fiscal year to complete the reassessment of all parcels in Lyons Township. Part of this reassessment was completed during the prior year. The total cost for both years was \$65,000.
- (2) Stambaugh Masonry Restoration Inc was paid \$8,851 for restoration work on the front and east walls of the building.
- (3) New wall and floor cabinets, counters, and a new desk were constructed by Lilly Construction of Lyons, MI at a cost of \$5,670.
- (4) Ambulance costs rose from \$24,418 to \$33,821 because of the increased number of runs by Portland Ambulance.
- (5) Interest income fell \$2,533 for the year ended March 31, 2008—going from \$6,174 to \$3,641. The decrease came from the reduction in CD interest rates.
- (6) The Devereaux family donated a defibulator to the Pewamo Fire Department. The value of this donation was \$1,700. The new defibulator replaced outdated equipment and will aid in pediatric care.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. The *statement of net assets* presents information on all the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Township governments may have activities that are intended to recover all or a significant portion of their costs through user fees and charges. Lyons Township has no such activities. All financial resources and expenditures are maintained in the township's governmental funds. The township also has a tax agency fund which collects real and personal property taxes and disburses these tax revenues to the appropriate governmental units including Lyons Township's general fund. Through its general fund, Lyons Township provides for general government, public safety, public works, and cemetery. The government-wide financial statements can be found on pages 8-10 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Lyons Township has two fiduciary funds, the Tax Agency Fund and Cemetery Perpetual Care Expendable Trust Fund. The basic fiduciary fund statements for the Tax Agency Fund and Cemetery Perpetual Care Expendable Trust Fund can be found on pages 15 and 16 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements can be found on pages 17-29 of this report.

### **Lyons Township's Net Assets**

	<b>Governmental Activities</b>	
	<b>Year ended March 31, 2008</b>	<b>Year ended March 31, 2007</b>
Current and other assets	\$ 366,783	\$ 360,891
Capital assets	378,617	403,900
<b>Total assets</b>	<b>745,400</b>	<b>764,791</b>
Long-term liabilities outstanding	-	-
Current liabilities	18,076	14,980
<b>Total liabilities</b>	<b>18,076</b>	<b>14,980</b>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	378,617	403,900
Restricted assets	-	-
Unrestricted assets	348,707	345,911
<b>Total net assets</b>	<b>\$ 727,324</b>	<b>\$ 749,811</b>

The current assets of Lyons Township are made up of checking accounts, savings accounts, CD's, pre-payments, and receivables. Current assets increased by \$6,424 from an increase of \$3,349 in cash deposits, increase of receivables of \$2,249, and increase in pre-paid expenses of \$826.

Capital assets are made up of buildings, property, and equipment. Capital assets dropped by \$25,823 because the new asset purchases of \$23,341 were reduced by depreciation expense of \$48,624. Current liabilities rose by over \$3,000 because of an increase in accounts payable. The largest payable is the pension expense that is paid after the end of the fiscal year.

### **Lyons Township's Changes in Net Assets**

	<b>Governmental Activities</b>	
	<b>Year ended March 31, 2008</b>	<b>Year ended March 31, 2007</b>
Revenue:		
Program revenue		
Charges for services	\$ 78,432	\$ 79,653
General revenue:		
Property taxes	124,356	116,989
State sources	110,555	109,700
Grants and donations	4,200	42,516
Other income	9,068	8,511
	<u>326,611</u>	<u>357,369</u>
Expenses:		
General government	95,647	94,485
Legislative	58,273	27,138
Public safety	138,249	146,635
Public works	43,149	59,815
Cemetery	13,780	12,276
	<u>349,098</u>	<u>340,349</u>
Increase (decrease) in net assets	<u>(22,487)</u>	<u>17,020</u>
Net assets - beginning of the year	<u>749,811</u>	<u>732,791</u>
Net assets - end of the year	\$ <u>727,324</u>	\$ <u>749,811</u>

The revenues for 2007-08 went down by \$30,758, but this was because last year's income included a federal grant of \$40,416 for new voting machines. Without this item, income actually rose by \$9,658. Property tax revenue increased by \$7,367 because the number of parcels increased, and tax administration revenue is received for each parcel. Township board expenses increased because \$34,550 was spent to finish the reassessment of all Lyons Township parcels. At the same time, expenses for public works and fire department operations were reduced to help pay for the reassessments. The completion of the reassessment will help Lyons Township to return to normal fire operations and road maintenance expenditures.



### **Lyons Township's Capital Assets**

	<b>Governmental Activities</b>	
	<b>Year ended March 31, 2008</b>	<b>Year ended March 31, 2007</b>
Land	\$ 5,000	\$ 5,000
Building and improvements	49,001	37,392
Cemetery improvements	3,375	3,625
Township office and voting equipment	37,379	41,430
Fire equipment	283,862	316,453
<b>Total Capital Assets</b>	<b>\$ 378,617</b>	<b>\$ 403,900</b>

The capital assets of the building and its improvements rose \$11,609 during the past fiscal year. Improvements were made to both the inside and outside of the building. The front and east wall of the building's exterior were restored. New wall and floor cabinets, countertops, and a desk were installed in the township hall. The capital asset values of township and fire equipment went down because depreciation expense exceeded new expenditures. The fire department obtained pagers, an automatic defibulator, a hydro hose tester, and a new Dell computer. Total fire department additions were covered by \$3,260 from the general fund and \$4,000 in donations. The Devereaux family gave the Pewamo Fire Department the defibulator, and the hydro hose tester was donated by the firemen of the Pewamo Fire Department from their fund-raising fund. The Building Fund and General Fund together purchased a new Dell computer for the Clerk at a cost of \$1,560 with each fund covering \$780 of the cost.

### **Lyons Township – Going Forward**

With the challenges of the reassessment of all parcels finished, Lyons Township board can begin to address the more critical needs of the township. The main need for most township residents is road improvement and maintenance. A normal amount of gravel and brine can be applied to gravel roads to maintain their condition. The Township can also work with the Ionia County Road Commission to maintain roads, culverts, and bridges. The Township has agreed to provide \$17,000 to \$20,000 in the coming year to the Ionia County Road Commission for vital maintenance of the Hubbardston Road Bridge south of M-21. Our unrestricted net assets of more than \$300,000 will enable us to invest in road and public safety projects in the coming years.

**LYONS TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**MARCH 31, 2008**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and deposits	\$ 338,374
Receivables	
Due from other funds	1,759
Prepaid expenses	16,323
Taxes receivable	10,327
Capital assets, net of accumulated depreciation	378,617
<b>Total Assets</b>	<u>745,400</u>
<b>Liabilities</b>	
Accounts payable	15,332
Rental deposits	<u>2,744</u>
<b>Total Liabilities</b>	18,076
<b>Net Assets</b>	
Invested in capital assets, net of related debt	378,617
Unrestricted net assets	<u>348,707</u>
<b>Total net assets</b>	<u><u>\$ 727,324</u></u>

The accompanying notes are an integral part of these financial statements.

**LYONS TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2008**

Functions/ Programs	Expenses	Program	Net (Expense)
		Revenues	
		Charges for	Revenues
		Service	
Primary government			
Governmental activities:			
General government	\$ 95,647	\$ 26,501	\$ (69,146)
Legislative	58,273	900	(57,373)
Public safety	138,249	49,806	(88,443)
Public works	43,149	-	(43,149)
Cemetery	13,780	1,225	(12,555)
Total government activities	\$ 349,098	\$ 78,432	\$ (270,666)

(continued)

The accompanying notes are an integral part of these financial statements.

**LYONS TOWNSHIP**  
**STATEMENT OF ACTIVITIES (CONCLUDED)**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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	<u>Governmental Activities</u>
Changes in net assets	
Net (expense) revenue	\$ (270,666)
General revenues:	
Property taxes	124,356
State revenues	110,555
Investment earnings	4,224
Other Income	<u>9,044</u>
Total general revenues	<u>248,179</u>
Change in net assets	(22,487)
Net assets, beginning of year	<u>749,811</u>
Net assets, end of year	<u><u>\$ 727,324</u></u>

The accompanying notes are an integral part of these financial statements.

**LYONS TOWNSHIP**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**MARCH 31, 2008**

<b>ASSETS</b>	<b>GENERAL FUND</b>	<b>BUILDING FUND</b>	<b>FIRE EQUIP FUND</b>	<b>OTHER FUND</b>	<b>TOTAL</b>
Cash and deposits	\$ 289,189	\$ 36,903	\$ 11,637	\$ 645	\$338,374
Receivables:					
Due from other funds	1,759				1,759
Taxes receivable	10,327				10,327
Prepaid expenses	14,690	1,633			16,323
<b>TOTAL ASSETS</b>	<b>315,965</b>	<b>38,536</b>	<b>11,637</b>	<b>645</b>	<b>366,783</b>
<b>LIABILITIES AND FUND BALANCE</b>					
LIABILITIES:					
Accounts payable and accrued expenditures:					
Accounts payable	15,065	267	-	-	15,332
Rent deposits		2,744	-	-	2,744
<b>TOTAL LIABILITIES</b>	<b>15,065</b>	<b>3,011</b>	<b>-</b>	<b>-</b>	<b>18,076</b>
FUND BALANCE					
Undesignated	300,900	35,525	11,637	645	348,707
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 315,965</b>	<b>\$ 38,536</b>	<b>\$ 11,637</b>	<b>\$ 645</b>	<b>\$366,783</b>

The accompanying notes are an integral part of these financial statements.

**LYONS TOWNSHIP**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS --RECONCILIATION OF FUND BALANCE  
OF GOVERNMENT FUNDS TO NET ASSETS**

**MARCH 31, 2008**

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RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR  
GOVERNMENTAL FUNDS TO THE NET ASSETS OF GOVERNMENTAL  
ACTIVITIES ON THE STATEMENT OF NET ASSETS

Fund balance -- total governmental funds.....	\$348,707
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add -- capital assets.....	959,000
Deduct -- accumulated depreciation.....	(580,383)
Net assets of governmental activities.....	<u>\$727,324</u>

The accompanying notes are an integral part of these financial statements.

**LYONS TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED MARCH 31, 2008**

	<u>GENERAL FUND</u>	<u>BLDG FUND</u>	<u>FIRE EQ FUND</u>	<u>OTHER FUND</u>	<u>TOTAL</u>
<b>REVENUES:</b>					
Property taxes	\$ 124,356	-	-	-	\$ 124,356
State sources	107,190	-	-	3,364	110,554
Charges for services	51,931	26,501	-	-	78,432
Interest	3,108	1,045	55	16	4,224
Donations	-	-	4,200	-	4,200
Other	3,743	51	1,050	-	4,844
Transfer from other funds	<u>3,441</u>	<u>-</u>	<u>3,260</u>	<u>-</u>	<u>6,701</u>
TOTAL REVENUES	<u>293,769</u>	<u>27,597</u>	<u>8,565</u>	<u>3,380</u>	<u>333,311</u>
<b>EXPENDITURES:</b>					
General government	77,422	29,833	-	-	107,255
Legislative	54,222	-	-	-	54,222
Public safety	98,398	-	7,260	-	105,658
Public works	43,149	-	-	-	43,149
Cemetery	13,530	-	-	-	13,530
Transfers to other funds	<u>3,260</u>	<u>-</u>	<u>-</u>	<u>3,441</u>	<u>6,701</u>
TOTAL EXPENDITURES	<u>289,981</u>	<u>29,833</u>	<u>7,260</u>	<u>3,441</u>	<u>330,515</u>
REVENUES OVER EXPENDITURES	<u>3,788</u>	<u>(2,236)</u>	<u>1,305</u>	<u>(61)</u>	<u>2,796</u>
NET CHANGE IN FUND BALANCES	3,788	(2,236)	1,305	(61)	2,796
FUND BALANCE, BEGINNING OF YEAR	<u>297,113</u>	<u>37,760</u>	<u>10,332</u>	<u>706</u>	<u>345,911</u>
FUND BALANCE, END OF YEAR	<u><b>\$ 300,901</b></u>	<u><b>\$35,524</b></u>	<u><b>\$ 11,637</b></u>	<u><b>\$ 645</b></u>	<u><b>\$ 348,707</b></u>

The accompanying notes are an integral part of these financial statements

**LYONS TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF  
ACTIVITIES:

Net change in fund balances – total government funds.....	\$ 2,796
Government funds expense capital outlays in the current year while the Statement of Net Assets allocates them over useful life:	
Add – Capital Assets acquired and expensed by depreciation.....	23,341
Deduct – depreciation expense.....	(48,624)
Change in net assets of government activities.....	<u>\$ (22,487)</u>

The accompanying notes are an integral part of these financial statements.



**LYONS TOWNSHIP**  
**FIDUCIARY FUNDS**  
**STATEMENT OF NET ASSETS**

**March 31, 2008**

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	<b>Cemetery Perpetual Care Expendable Trust Fund</b>	<b>Tax Collection Fund</b>
	<hr/>	<hr/>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ -	\$ 50,043
Due from other funds	<u>19,605</u>	<u>10,327</u>
 Total assets	 <u>19,605</u>	 <u>60,370</u>
 <b>LIABILITIES:</b>		
Due to other funds	-	12,085
Due to other governmental units	<u>-</u>	<u>48,285</u>
 Total liabilities	 <u>-</u>	 <u>60,370</u>
 <b>NET ASSETS</b>		
Held in trust for other purposes	<u><u>\$ 19,605</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

**LYONS TOWNSHIP**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**March 31, 2008**

	<b>CEMETERY PERPETUAL CARE EXPENDABLE TRUST FUND</b>	<b>TAX COLLECTION FUND</b>
<b>ADDITIONS:</b>		
Property tax collections and fees	\$ -	\$ 1,960,825
Interest earned	676	486
Total additions	676	1,961,311
<b>DEDUCTIONS:</b>		
Payments to general fund	676	114,250
Payments to other governmental units		1,848,049
Transfers out		
Total deductions	\$ 676	\$ 1,962,299

The accompanying notes are an integral part of these financial statements.

**LYONS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Lyons Township was organized on March 11, 1837, under the applicable laws of the State of Michigan. The Township is governed by a Board of Trustees which consists of Supervisor, Clerk, Treasurer, and two Trustees, and provides the following services: public safety (fire, ambulance), road maintenance, cemetery, public improvements, and general administrative services.

The financial statements of the Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below:

**The Reporting Entity**

As required by generally accepted accounting principles, these financial statements present a financial report on all funds of Lyons Township.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Lyons Township has no business-type activities or funds.

**LYONS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for government funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Agency funds follow the accrual basis of accounting and they do not follow a measurement focus because they do not report the results of operations (assets equal liabilities). Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures in the current period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Township. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

**LYONS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

**Fund Accounting**

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity or net assets, revenues, and expenditures or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Township reports the following major government funds:

**General Fund** – This fund is the Township’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Building Fund** – This fund is used to account for rental income and expenses of the building that houses the township hall and other commercial clients.

**Fire Equipment Fund** – This fund is used to account for revenue donated and earned for the purchase and repair of fire fighting equipment.

**LYONS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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**Telecommunications Fund** – This fund accounts for revenue received from telecommunications providers for using the road right-of-ways in Lyons Township.

Additionally, the Township reports the following fiduciary fund types:

**Tax Agency Fund** – This fund is used to account for property tax collections from real and personal property owners in Lyons Township, and the fund's disbursements to the applicable government entities and agencies.

**Cemetery Perpetual Care Fund** – This fund represents a reserve for the maintenance of the Township's cemeteries.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance in the Statement of Net Assets and the Statement of Activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Budgets and Budgetary Accounting**

Annual budgets are adopted for the general fund and special revenue funds on a basis consistent with generally accepted accounting principles (GAAP). The Township follows these procedures in establishing the budgetary data which is reflected in the financial statements:

1. The budgets are generated with input from various department heads, the township supervisor, clerk, treasurer, and township trustees.

**LYONS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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2. Public hearings are conducted to obtain taxpayer comments and recommendations. The operating budgets include proposed expenditures and the means of financing them.
3. The budget is legally enacted through the passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.
5. Budget appropriations lapse at fiscal year-end.
6. Adoption and amendments of all budgets used by the Township are governed by Public Act 621. Expenditures may not exceed appropriations at the functional level for all funds (the legal level of budgetary control). The appropriations resolutions are based on the projected expenditure budgets by function. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any department must be approved by the Township Board.
7. Budgeted amounts are as originally adopted, or as amended by the Township Board.
8. Encumbrance accounting is not utilized.

**Investments**

Investments are stated at fair value.

**Restricted Assets**

Certain proceeds may be set-aside or restricted for the repayment of debt obligations, a planned capital project, or for any other special purpose. Lyons Township has no restrictions on its net assets.

**LYONS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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**Due To and Due From Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the governmental funds in the government-wide financial statements. The Township does not currently own infrastructure (roads, tunnels, bridges, etc.) Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation on the capital assets of the primary government is computed using the straight-line method over the following estimated useful lives:

	<u>Depreciable Life-Years</u>
Building and structures.....	10 – 40
Furniture and equipment.....	5 – 15
Building and lot improvements.....	15
Trucks and vehicles.....	5-20
Machinery and equipment.....	5 – 20



**LYONS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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**Property Taxes**

Property taxes for the Township are attached as an enforceable lien on property as of December 1 of each year. The December 1 levy is recorded as revenue during the current fiscal year, and is intended to fund expenditures of the current year. Taxes are levied December 1 and are due without penalty on or before February 14. These winter tax bills include the Township's own property taxes and taxes billed on behalf of the school districts and other entities in Ionia County; summer taxes are collected for the school districts and the County of Ionia. Real property taxes not collected are returned to the County for collection, which advances the Township 100% for the delinquent taxes for real property. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

**Fund Equity**

In the fund statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent restricted net assets equal to restricted assets less related liabilities. The general fund of Lyons Township has no reservation or designations of its \$348,707 governmental funds equity.

**Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2008, the Township was covered by a liability and property insurance policy in the Michigan Township Participating Plan through Liberty Group of Kalamazoo, Michigan.

The insurance limitations are: Property, \$771,000; Liability, \$3,000,000; Wrongful acts, \$2,000,000; and Automobile, \$1,000,000. In addition, the Township has inland marine and crime coverage.

**LYONS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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**2. CASH AND DEPOSITS AND INVESTMENTS**

The cash and deposits, investments and restricted assets for the Township and its component unit are as follows:

Deposits:	Governmental Funds	Tax Agency Fund	Total
Cash and deposits	\$251,680	\$50,043	\$301,723
Investments	<u>86,694</u>	<u>-</u>	<u>86,694</u>
TOTAL	\$338,374	\$50,043	\$388,417

The carrying amount of the Township's deposits at March 31, 2008, is \$388,417. Of these deposits, \$200,000 is insured by the Federal Deposit Insurance Corporation. In accordance with the State of Michigan policy limits, these deposits are all deposited in Michigan banks. All accounts are in the name of the Township and a specific fund or common account. They are recorded in the Township records at fair value.

**Statutory Authority**

State statutes authorize the Township to invest in:

1. Bond securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
3. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services that matures not more than 270 days after date of purchase.

**LYONS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2008**

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4. Obligations of the State of Michigan or its political subdivisions that, at the time of purchase, are rated as investment grade by at least one standard rating service.
5. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
6. External investment pools as authorized by Public Act 20 as amended through December 21, 1997.

Township investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Township's name. Investments held by the Township are reported at fair value.

All deposit accounts of Lyons Township are in Category 1, registered and insured and are listed as follows:

<u>Depository</u>	<u>Account</u>	<u>Amount @ 03/31/08</u>
General Fund:		
Independent Bank	Checking account	\$ 86,101
Independent Bank	Savings account	131,260
Union Bank	Certificates of deposit	71,828
Building Fund:		
Union Bank	Checking account	11,852
Union Bank	Savings account	10,185
Union Bank	Certificate of deposit	14,866
Fire Equipment Fund:		
Union Bank	Savings account	\$ 11,637
Telecommunications Fund:		
Union Bank	Savings account	645

**LYONS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2008**

<u>Depository</u>	<u>Account</u>	<u>Amount @ 03/31/08</u>
Tax Agency Fund:		
Union Bank	Checking account	420
Union Bank	Savings account	<u>49,623</u>
<b>TOTAL DEPOSITED FUNDS</b>		<b>\$ 388,417</b>

**3. CAPITAL ASSETS**

	<u>Balance April 1, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance March 31, 2008</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,000	-	-	\$ 5,000
Capital assets being depreciated:				
Building improvements	73,950	15,301	-	89,251
Township board equipment	43,788	780	-	44,568
Cemetery improvements	3,750	-	-	3,750
Fire fighting equipment	<u>809,171</u>	<u>7,260</u>	<u>-</u>	<u>816,431</u>
Total assets being depreciated	930,659	23,341		954,000
Less accumulated depreciation for:				
Building improvements	36,558	3,692	-	40,250
Township board equipment	2,358	4,831	-	7,189
Cemetery improvements	125	250	-	375
Fire fighting equipment	<u>492,718</u>	<u>39,851</u>	<u>-</u>	<u>532,569</u>
	531,759	48,624	-	580,383
Total capital assets, being depreciated net	398,900			373,617
Governmental activities capital assets, net	<u>\$ 403,900</u>			<u>\$ 378,617</u>

**LYONS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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Depreciation expense was charged to functions/programs of the general government as follows:

Office and Elections.....	\$ 4,831
Cemetery Improvements.....	250
Township Building.....	3,692
Fire Fighting Equipment.....	<u>39,851</u>
Total depreciation.....	\$ 48,624

**4. CONTRIBUTORY PENSION PLAN**

Lyons Township contributes to the group pension plan through John Hancock Insurance Company. The eligible participants are the elected officials of the township board. The Township contributes \$100 for each \$500 of a participant's compensation.

No contributions are made by the participants. During the year ended March 31, 2008, the Township made cash contributions of \$8,088.18. For the year ended March 31, 2008, the Township has paid and accrued a pension expense of \$9,138.

**5. LITIGATION**

In the normal course of its activities, the Township has become a party in various legal actions, including property tax assessment appeals. Management of the Township is of the opinion that the outcome of such actions will not have a material effect on the financial position of the Township and, therefore, has not reflected loss reserves in the financial statements.

**LYONS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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**6. DUE FROM (TO) OTHER FUNDS**

Amounts due from (to) other funds representing interfund receivable and payable balances at March 31, 2008, are detailed as follows:

	<u>Due from</u>	<u>Due to</u>
General Fund	-	\$ 1,759
Tax Agency Fund	\$ 1,759	-

“Due to” and “due from” balances represent amounts in the tax-agency fund which may be transferred into the general fund.

**LYONS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2008**

**7. INTERFUND TRANSFERS**

Below are listed the interfund transfers made during the year ended March 31, 2008:

	Transfers In:				
	General Fund	Building Fund	Fire Fund	Telecom Fund	Total
Transfers out:					
Cemetery Perpetual Care Fund	\$676	-	-	-	676
Fire Equipment Fund	-	-	-	-	-
Building Fund	-	-	-	-	-
Telecom Fund	3,441	-	-	-	3,441
General Fund	-	-	3,260	-	3,260
Total transfers out	4,117	-	3,260	-	7,377

The General Fund transferred \$3,260 to the Fire Equipment Fund for the purchase of pagers and a new computer. The Cemetery Perpetual Care Fund transferred \$676 of interest earned by the township's deposits of \$19,605 held by the County of Ionia to the General Fund. The General Fund used this transfer to maintain its cemetery. The Telecom Fund transferred \$3,441 to the General Fund that was used for brush cutting.

## **Required Supplementary Information**



## **GENERAL FUND**

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The General Fund is used to account for government resources that are not required legally or by sound financial management to be recorded in another fund. Revenues in this fund are derived primarily from general property taxes, fees for services, interest, state shared revenues, grants, and intergovernmental revenues. General operating expenditures of the Township are accounted for in this fund, including Township Administration, Public Safety, Public Works, and Cemetery.

The legal level of budgetary control of the General Fund is at the activity level, as reflected on the following Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual.

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**LYONS TOWNSHIP**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL**

**MARCH 31, 2008**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
Property taxes				
Current property taxes	\$ 105,500	\$ 105,500	\$ 114,029	\$ 8,529
Delinquent property taxes	7,200	7,200	10,327	3,127
Total taxes	112,700	112,700	124,356	11,656
State sources				
State revenue sharing	105,000	105,000	107,190	2,190
Charges for services:				
Fire Services	25,000	25,000	36,756	11,756
Ambulance Services	13,000	13,000	13,050	50
Licenses/permits	1,000	1,000	900	(100)
Cemetery lot sales	500	500	900	400
Cemetery fees	1,000	1,000	325	(675)
Cable franchise fee	150	150	247	97
Total fee revenue	40,650	40,650	52,178	11,528
Investment revenue:				
Interest earnings	2,800	2,800	3,108	308
Other revenue	750	750	3,496	2,746
Contingency	65,000	-	-	-
Transfer from Telecom Fund	-	-	3,441	3,441
Transfer from Cemetery Perp Fund				-
Transfer from Fire Equipment Fund				-
<b>TOTAL REVENUES</b>	<b>\$ 326,900</b>	<b>\$ 261,900</b>	<b>\$ 293,769</b>	<b>\$ 31,869</b>

	BUDGETED AMOUNTS			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
<b>EXPENDITURES</b>				
General government				
Supervisor	\$ 10,810	\$ 10,810	\$ 10,710	\$ 100
Elections	2,500	3,000	2,989	11
Assessor	19,850	20,450	20,388	62
Clerk	12,110	12,110	11,607	503
Board of review	887	887	789	98
Treasurer	19,400	19,700	19,601	99
Audit & legal	2,500	2,500	2,200	300
Pension plan	9,000	9,200	9,138	62
Total general government	77,057	78,657	77,422	1,235
Legislative	94,166	78,566	54,222	24,344
Public safety				
Fire department	68,200	68,200	64,577	3,623
Ambulance	25,000	35,000	33,821	1,179
Total public safety	93,200	103,200	98,398	4,802
Public works				
Roads	39,500	43,500	43,149	351
Drains	-	-	-	-
Total Public Works	39,500	43,500	43,149	351
Cemetery	14,625	14,625	13,530	1,095
Transfer to Fire Equipment Fund	-	-	3,260	(3,260)
<b>TOTAL EXPENDITURES</b>	<b>318,548</b>	<b>318,548</b>	<b>289,981</b>	<b>28,567</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	8,352	(56,648)	3,788	60,436
<b>NET CHANGE IN FUND BALANCES</b>	8,352	(56,648)	3,788	60,436
<b>FUND BALANCE, BEGINNING OF YEAR</b>	297,113	297,113	297,113	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 305,465</b>	<b>\$ 240,465</b>	<b>\$ 300,901</b>	<b>\$ -</b>

## **MAJOR FUNDS**

### **SPECIAL REVENUE FUNDS**

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Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Fire Equipment Fund – This fund is used to account for private donations and grants that are restricted for the purchase and maintenance of fire equipment.

Building Fund -- This fund is used to account for rental income and expenses of the building that houses the township hall and other commercial clients.

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**LYONS TOWNSHIP  
STATEMENT ON REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED MARCH 31, 2008**

	<u>BUILDING FUND</u>			VARIANCE POSITIVE (NEGATIVE)
	BUDGETED AMOUNTS			
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Rent income	\$ 28,380	\$ 28,380	\$ 26,501	\$ (1,879)
Interest income	300	300	1,045	745
Miscellaneous income	<u>100</u>	<u>100</u>	<u>51</u>	<u>(49)</u>
Total revenues	<u>28,780</u>	<u>28,780</u>	<u>27,597</u>	<u>(1,183)</u>
EXPENDITURES:				
Manager	3,500	3,600	3,520	80
Insurance	2,500	2,500	2,140	360
Audit	325	425	400	25
Utilities	2,500	3,500	3,448	52
Repair and Maintenance	10,000	18,000	17,441	559
Janitorial	600	1,000	931	69
New equipment	1,000	1,000	963	37
Miscellaneous expenses	2,000	1,000	990	10
Contingency	<u>10,000</u>	<u>1,400</u>	<u>-</u>	<u>1,400</u>
Total expenditures	<u>32,425</u>	<u>32,425</u>	<u>29,833</u>	<u>2,592</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(3,645)</u>	<u>(3,645)</u>	<u>(2,236)</u>	<u>1,409</u>
NET CHANGE IN FUND BALANCES	(3,645)	(3,645)	(2,236)	1,409
FUND BALANCE, BEGINNING OF YEAR	<u>37,760</u>	<u>37,760</u>	<u>37,760</u>	-
FUND BALANCE, END OF YEAR	\$ 34,115	\$ 34,115	\$ 35,524	-

**LYONS TOWNSHIP**

**STATEMENT ON REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED MARCH 31, 2008**

**FIRE EQUIPMENT FUND**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<b>REVENUES:</b>				
Sales of used equipment	\$ -	\$ -		\$ -
Donations	1,000	1,000	4,200	3,200
Interest income	50	50	55	5
Refunds and Rebates	-	-	1,050	1,050
Transfer from General Fund	-	4,960	3,260	(1,700)
<b>Total revenues</b>	<u>1,050</u>	<u>6,010</u>	<u>8,565</u>	<u>2,555</u>
<b>EXPENDITURES:</b>				
Purchase of new fire equipment	1,000	7,260	7,260	-
Repair and maintenance				-
<b>Total expenditures</b>	<u>1,000</u>	<u>7,260</u>	<u>7,260</u>	<u>-</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>50</u>	<u>(1,250)</u>	<u>1,305</u>	<u>2,555</u>
<b>NET CHANGE IN FUND BALANCES</b>	50	(1,250)	1,305	2,555
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>10,332</u>	<u>10,332</u>	<u>10,332</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 10,382</u>	<u>\$ 9,082</u>	<u>\$ 11,637</u>	<u>-</u>

### **NONMAJOR FUND**

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Telecommunications Fund -- This fund is used to account for fees telecommunications companies pay to use the road right-of-ways of Lyons Townships. These fees are generally transferred to the General Fund.

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**LYONS TOWNSHIP  
TELECOMMUNICATIONS FUND  
BALANCE SHEET  
MARCH 31, 2008**

**ASSETS:**

Cash and cash equivalents	\$ 645
Total assets	<u>645</u>

**LIABILITIES AND EQUITY**

Fund Balance	
Undesignated	<u>\$ 645</u>

**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2008**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
Telecommunications revenue	\$ 3,200	\$ 3,200	\$ 3,364	\$ 164
Interest income	<u>15</u>	<u>15</u>	<u>16</u>	<u>1</u>
Total revenue	<u>3,215</u>	<u>3,215</u>	<u>3,380</u>	<u>165</u>
<b>EXPENDITURES:</b>				
Transfer to General Fund	3,200	3,200	3,441	(241)
Miscellaneous expense	<u>-</u>	<u>-</u>	<u>0</u>	<u>-</u>
Total expenditures	<u>3,200</u>	<u>3,200</u>	<u>3,441</u>	<u>(241)</u>
<b>REVENUES OVER (UNDER)</b>				
EXPENDITURES	<u>15</u>	<u>15</u>	<u>(61)</u>	<u>(76)</u>
NET CHANGE IN FUND BALANCES	<u>15</u>	<u>15</u>	<u>(61)</u>	<u>(76)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>706</u>	<u>706</u>	<u>706</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 721</u>	<u>\$ 721</u>	<u>\$ 645</u>	<u>\$ -</u>



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

June 28, 2008

The Township Board  
Lyons Township  
Ionia County, Michigan

I have audited the financial statements of the governmental activities and the aggregate remaining fund information of the Township of Lyons, State of Michigan, as of and for the year ended March 31, 2008, which collectively comprise Lyons Township's basic financial statements and have issued a report thereon dated June 28, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing my audit, I considered Lyons Township's control over financial reporting as basis for designing my auditing procedures for the purposes of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lyons Township's internal control over financial reporting

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

I noted no material weaknesses in the internal control system of Lyons Township. However, I did note four significant deficiencies that are described in the attached schedule that are titled 2008-1, 2008-2, 2008-3, and 2008-4.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lyons Township's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, we do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the township board officers, bond and credit holders, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Lawrence Tiejema, PC.

June 28, 2008

## **SCHEDULE OF SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL**

### **LYONS TOWNSHIP – YEAR ENDED MARCH 31, 2008**

- 2008-1:** Township accounting personnel do not prepare the accruing entries necessary for preparation of the government-wide financial statements. They rely on the auditor to make all of these adjustments.

**Township Response:**

**The township accounting personnel will develop knowledge of accruing entries and prepare these entries for the next audit.**

- 2008-2:** The board has not assigned a designated official who formally reviews each bill and/or invoice before it is approved by the board.

**Township Response:**

**A designated official who is neither the clerk nor the treasurer will review the supporting documents and approve the transactions by signing his/her initials.**

- 2008-3:** The Township has no specific method to prevent the non-payment of a vendor.

**Township Response:**

**A designated official will keep a list for non-recurring services for which an invoice or bill has not yet been presented.**

- 2008-4:** The Township operates under informal purchasing guidelines, but it does not have a formal, written purchasing policy as required by the Michigan Department of Treasury.

**Township Response:**

**The township will develop a written purchasing policy during the current fiscal year.**